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BEFORE THE ARIZONA CORPORATION COMMISSION

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AZ CORP COMMISSION
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IN THE MATTER OF THE APPLICATION OF) DOCKET NO. E-01787A-01-0063
NAVOPACHE ELECTRIC COOPERATIVE, INC.)
AN ARIZONA NON-PROFIT CORPORATION)
FOR A FINDING OF FAIR VALUE OF ITS)
PROPERTIES AND A FAIR RETURN)
THEREON, AND FOR APPROVAL OF RATES)
CHARGES, AND FOR APPROVAL OF)
CHANGES TO ITS POLICY MANUAL)

SUMMARY OF TESTIMONY OF
STEVEN W. RUBACK
PROVIDED ON BEHALF OF INTERVENOR
WHITE MOUNTAIN APACHE TRIBE

Intervenor, White Mountain Apache Tribe, respectfully files the attached summary of the testimony of Steven W. Ruback.

Respectfully submitted this 25th day of October, 2001.

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Arizona Corporation Commission

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By:

AMY T. MIGNELLA
ATTORNEY FOR INTERVENOR
State Bar No. 016264

PROOF OF SERVICE AND CERTIFICATE OF MAILING

I hereby certify that on this the 25th day of October, 2001, an original and ten (10) copies of the foregoing document have been mailed to:

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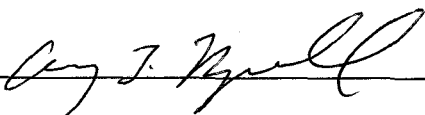
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By: 
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Summary of Testimony of Steven W. Ruback

Mr. Ruback objects to Navopache's rate design for residential customers because of the high customer charge component. Mr. Ruback states that such a design approach represents front end loading, which in this case shifts \$2,615,252 from volumetric to fixed charges resulting in residential and residential off-peak customer charge increases of 66.7 and 72.3 percent, respectively. This methodology inappropriately guarantees a high return for the company rather than affording them an opportunity to earn a fair rate of return. The residential rate approach proposed by Navopache also creates a disincentive for the company to minimize its distribution costs since it can recover its costs independent of energy consumption.

Navopache's residential rate approach impacts small customers most and does so unfairly. These customers may lack the resources to obtain and utilize non-essential energy consuming devices that they could retire to reduce their monthly electric bill. Indeed, the most recent estimates of on-Reservation unemployment indicate that it approximates 23%. Furthermore, more than 50% of individuals on the Reservation live below the poverty level. Navopache's requested increases in service reestablishment and other fees only increase the burden on small customers.

In addition, the proposed residential rate structure discourages conservation by those customers who have discretionary uses because it imposes little or no increases on those whose usage is highest. Such a rate design even encourages wasteful consumption.

Navopache's requested \$18.75 basic residential customer charge is higher than any other utility in the region. Out of 16 companies surveyed, only two were found to charge customers more than \$10.00. Furthermore, propane availability in Navopache's service area does not justify such a disparately high customer charge.

In conclusion, Navopache's proposed residential customer charge must be reduced so that the burden of the company's proposed revenue increase is not predominantly apportioned to the smaller users.